



A Resolution Requesting An Amendment to the Biggert-Waters Flood Insurance Reform Act of 2012

WHEREAS, the **Town Council for the Town of Sunset Beach** is extremely concerned about the economic ramifications of the Biggert-Waters Flood Insurance Act of 2012; and

WHEREAS, the **Town Council for the Town of Sunset Beach** recognizes that home building and the real estate industry are major economic drivers throughout the state as well as in Southeastern North Carolina; and

WHEREAS, Congress passed the National Flood Insurance Act of 1968 specifically to ensure flood insurance coverage is available on reasonable terms and conditions to citizens who have a need for such protection; and

WHEREAS, The National Flood Insurance Program (NFIP) plays a critical role in the location, placement, and construction of homes and structures within a community and provides for an estimated 5.68 million NFIP policies nationwide; and

WHEREAS, under the NFIP, participating communities with structures located and built in the Special Flood Hazard Areas (Flood Zones A and V); and are backed by federal lender institutions are required to purchase mandatory flood insurance policies; and

WHEREAS, on July 6, 2012 the President signed into law the Surface Transportation Bill (H.R. 4348), which included the Biggert-Waters Flood Insurance Reform Act (BW-12); and

WHEREAS, the “Act” (BW-12) re-authorizes the National Flood Insurance Program (NFIP) through 2017, but also puts into place many significant reforms as a result of the high losses incurred by the program in 2005 from Hurricane Katrina and in 2012 from Super Storm Sandy in order for the program to be financially solvent; and

WHEREAS, these reforms outlined below include **dramatic** and in many cases **immediate** changes for structures built **Pre-Firm** (Section 205 of the “Act”), and structures that were built **Post-Firm** (Section 207 of the “Act”) as well as lowering the threshold for what is deemed to be a substantial improvement; and

WHEREAS, the “Act” will implement actuarial insurance rates for homeowners, business owners, and prospective buyers upon the sale or purchase of real property or a lapse in insurance coverage after July 1, 2012; and

WHEREAS, Section 205 of the “Act” removes historical subsidized insurance rates for all non-primary residences and business properties that have been lawfully constructed prior to the first Flood Insurance Rate Maps (Pre-Firm) which structures are now subject to receive “Full Risk Rates” at a rate of 25% a year until the “Full Risk Rate” is achieved; and

WHEREAS, Section 207 of the “Act” removes historical subsidies for any structure (grandfathered or non-subsidized) that is affected by a FIRM designation to a Special Flood Hazard Area which structures will be subject to receive “Full Risk Rates” at a rate of 20% per year until the “Full Risk Rate” is achieved; and

WHEREAS, the “Act” redefines the term “substantial improvement” discouraging the remodeling, and renovation of existing structures by lowering the threshold for “substantial improvement” from 50% of the value of the structure to 30%; and

WHEREAS, nationwide NOAA data shows that 52% of the U.S. population lives in a coastal water shed county and over 50% of the U.S. population lives near a river, creek, bay, sound, lake, stream, or ocean; and

WHEREAS, the **Town Council for the Town of Sunset Beach** is extremely concerned that the “Act” will financially impact home and business owners, devalue properties, discourage construction, hinder real estate sale transactions, and may result in foreclosures to owners who have lawfully constructed their homes and businesses as allowed by the NFIP within flood plains and the State's building code.

NOW, THEREFORE, BE IT RESOLVED, that the Town Council for the Town of Sunset Beach urges Congress to amend the Biggert-Waters Reform Act to:

- Provide for a slower rate of increase to flood insurance rates over a greater time period to meet Full Risk Rates.
- Extend the grandfathering provisions for all existing policy holders who have lawfully constructed their homes per the State Building Code (and upon transfer).
- Reinstate the substantial improvement threshold at the historical limit of 50% of the value of the structure.
- Address the cost savings that could be incurred through the rate making processes by participating NFIP communities that engage in Federal Storm Damage Reduction projects, or have specific State building codes, or enhanced construction standards that would further limit flood loss and decreases the amount of damage community-wide.

BE IT FURTHER RESOLVED, that the Town Council of the Town of Sunset Beach urges Congress to direct an independent examination to:

- Review the National Flood Insurance Program's (NFIP) proposed actuarial rates; NFIP solvency; and assess the burden that the Biggert-Waters Act of 2012 will impose on policy holders.

Adopted this the 9th day of September, 2013

Town of Sunset Beach

By: Richard Cerrato,
Mayor

ATTEST:

Lisa H. Anglin
Town Clerk